

Connecticut Nonprofit Human Services Cabinet

90 Brainard Road • Hartford, CT 06114 • (860) 525-5080 • (860) 525-5088 (fax) • landrews@ctnonprofits.org

Impact of Proposed Deficit Mitigation Plan

The Connecticut Nonprofit Human Services Cabinet is a statewide coalition comprised of 20 nonprofit human service associations and organizations representing approximately 800 providers. Its mission is to advance a strong and unified nonprofit human services system to effectively meet community needs. The Cabinet has worked with state agencies on critical contracting issues and business practices that impact over 1,900 Purchase of Services (POS) Contracts valued at approximately \$2 billion annually. Members play a vital role in addressing the critical health and human services needs that face so many Connecticut residents – they provide the safety net that *anyone* can find themselves in need of in the blink of an eye.

First consider the stress *already* placed on the nonprofit provider network:

- No COLA for nonprofit human service providers for 3 years - FY09-FY11
- Reduced monthly allotments during the first 3 months of FY10
- FY10 rescissions to many health and human services between 2-5%
- Cuts to SSBG funding of 4% in FFY10, plus retroactive cuts in FFY09 of 10% to emergency shelters
- Increased service demand due to weak economy and high unemployment rate, including the introduction of the middle-class into the service population
- Presentation of clients with more complex needs – i.e.: they present for sexual assault, but they also need assistance with employment, food and housing
- Increased difficulty for nonprofit providers to obtain lines of credit due to tenuous state contract payments

Some specifics on proposed cuts in the November 24th Deficit Mitigation Plan:

- Cuts to Medicaid services – reductions to funding of these programs will ultimately result in less federal revenue to the state as federal match funds will be lost or decreased due to less state spending.
 - Reduce Medicaid Rates to ICF/MR facilities by 2%: This cuts essential services to the disabled and most medically fragile people in the state.
- DPH – Reduce AIDS Services & Needle and Syringe Exchange by 25% each: It is poor public health policy to cut the frontline of HIV prevention in the state and will ultimately result in higher long-term healthcare costs to the state.
- DSS – Reduce Expenditures Under the Alzheimer's Respite Care Program: There are already over 300 families on the waitlist at DSS for this program. A reduction of \$1 million would be devastating and result in a higher cost to the state through increased nursing home placements.
- DSS – Reduce Non-Entitlement Grant Accounts by 25%
 - Child Day Care: Early Childhood Centers estimate a loss of approximately 1200 slots, which means that the parents of 1200 children will have to stay home from work to care for their children and that providers will have to layoff staff.
 - Housing/Homeless Services: In October, the estimated statewide occupancy rate in emergency shelters averaged 107%, which is 13% higher than the same time last year. Any cuts to these services will have unspeakable consequences.

Alternatives to cuts:

- Increased revenues – rollback of the increased threshold for the estate tax, mandatory combined reporting and fixing tax loopholes (i.e.: people who own yachts currently do not, but *should* pay sales tax on yacht repairs).

For questions, please contact Liza Andrews, Project Director at (860) 525-5080 or landrews@ctnonprofits.org

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- Bonding – while this certainly will not help the state’s bond rating, it is quite frankly a better alternative than obliterating basic health and human safety net services.

Bottom Line:

We represent the safety net that anyone – you, a family member, a neighbor – can find themselves in need of when least expected. We have been doing “more with less” for years and stretching flat or decreased funding to unimaginable lengths. Cutting funding to nonprofit providers will only hurt the state’s economic recovery efforts – not only will nonprofits be forced to make layoffs, but we will, as a result, not have the capacity to assist Connecticut residents with the basic human needs that everyone must have in place before they are able to contribute to an economic recovery. We understand the position the state is in, but cuts to health and human services is not the answer.

Hartford Courant.

NO TIME TO POKE HOLES IN THE LIFE RAFT

December 2, 2009

Recently, Gov. M. Jodi Rell's Council of Economic Advisors briefed Connecticut legislators on the economy, the job market and potential stumbling blocks for the state budget in the coming years. It was a sobering presentation in which Susan Coleman, professor of finance at the University Hartford, noted that due to the current economy, "businesses are doing more with less." That is nothing new for nonprofit providers; we have been doing more with less for years.

The Connecticut Nonprofit Human Services Cabinet represents more than 800 nonprofit providers across Connecticut that contract with the state to provide health and human services on its behalf. We are the critical safety net that anyone — you, a family member a neighbor — can urgently need when least expected.

Our state is coming off of an unprecedented and stormy budget session between the governor and the General Assembly. The coming year will not be any easier. The economic bubble has burst for our state.

Unfortunately, there was no bubble to burst for nonprofit providers; we've been "doing more with less" for so long that many of our organizations cannot remember what it is like to not struggle to balance a budget. The fiscal hardships that the state went through in 2009 are what nonprofit providers have been going through for years.

Those hardships have increased as state officials cut hundreds of millions of dollars from aid to nonprofit agencies in setting the budget. Now, officials are considering \$123 million in further cuts to nonprofits as revenue is falling short of estimates. These cuts will make it even harder for our agencies to do their work just as the demand for services swells dramatically.

With the nation's unemployment rate above 10 percent, more and more middle-class families find themselves seeking services from nonprofit providers. The very people who were donating to nonprofit providers as recently as 18 months ago are now applying for services.

The Connecticut Association for Community Action reports that 489 households in Bristol received heating assistance in 2007 from their local community action agency, compared with 1,555 in 2009 — that's a 218 percent increase. Meanwhile, End Hunger CT! reports that several households in traditionally affluent Connecticut towns have qualified for food stamps this year. It's no longer "those" people using these services.

There is still a difficult course to chart for our state in the coming year. Unemployment is expected to rise as we move into 2010, and therefore, more people will seek assistance for basic human needs. Revenues are expected to remain weak, which will likely cause the state to continue to grapple with difficult budget deficits. Rather than seeing nonprofit human service providers as an unnecessary cost, Connecticut must see our efficient, cost-effective services as part of the solution to the needs of our citizens.

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Nonprofit human service providers will continue to be asked to provide services that prevent more exorbitant costs to taxpayers in the form of uninsured visits to the emergency room, incarceration, abuse or illness. Consistent, adequate funding will be critical for our ability to meet our missions and to assist Connecticut residents on the state's behalf.

Everyone knows that when your ship is sinking, you never poke holes in the life raft. Now is not the time for the state to undercut nonprofit human service providers with inadequate funding. Now is the time for the state to bolster the organizations it relies on to meet the basic health and human needs of its residents.

•Dan O'Connell is president and CEO of the Connecticut Council of Family Service Agencies. Pat Johnson is president of Oak Hill. They are co-chairmen of the Connecticut Nonprofit Human Services Cabinet.